

001

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. LEASE DESIGNATION AND SERIAL NO. **44080749-
UTU 53860 86692**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK **DRILL** ☒ **DEEPEN** ☐
1b. TYPE OF WELL
OIL ☐ GAS ☐ SINGLE ☐ MULTIPLE ☐
WELL ☐ WELL ☒ OTHER ☐ ZONE ☐ ZONE ☒

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
SHUFFLEBOARD

8. FARM OR LEASE NAME

2. NAME OF OPERATOR
ROSEWOOD RESOURCES, INC.

9. WELL NO.
#3-27

3. ADDRESS OF OPERATOR
P.O. BOX 1668, VERNAL, UTAH 84078

10. FIELD AND POOL OR WILDCAT
STIRRUP

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At Surface **1885' FNL & 576' FWL SW NW SEC 27 T6S R21E**
At proposed Prod. Zone **4458737Y 40.27191
623370X - 109.54900**

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
APPROXIMATELY 29 MILES SOUTH OF BONANZA, UTAH

12. County
UINTAH 13. STATE
UTAH

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY
OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
576'

16. NO. OF ACRES IN LEASE
1

17. NO. OF ACRES ASSIGNED TO THIS WELL
40 ACRES

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL,
DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT.
2500' +/-

19. PROPOSED DEPTH
3900' TD

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4814' UNGRADED

22. APPROX. DATE WORK WILL START*
UPON APPROVAL

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8	24#	350'	250SX. CIRC TO SURFACE
7 7/8"	4 1/2"	10.5#	3900' TD	480 SXS 2 STAGE TO SURFACE
50/50 POZ CLASS "G"				

Rosewood Resources, Inc. proposes to drill a well to 3900' TD to test the Wasatch and Mesa Verde formations. If productive, casing will be set and the well completed. If dry, the well will be plugged and abandoned as per BLM & State of Utah requirements.

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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone.

If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Jill Henrie* TITLE Administrative Assistant DATE 07/25/2002

(This space for Federal or State office use)

PERMIT NO. 43-047-34683

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

BRADLEY G. HILL

RECLAMATION SPECIALIST-III

*See Instructions On Reverse Side

DATE

08-05-02

RECEIVED

AUG 01 2002

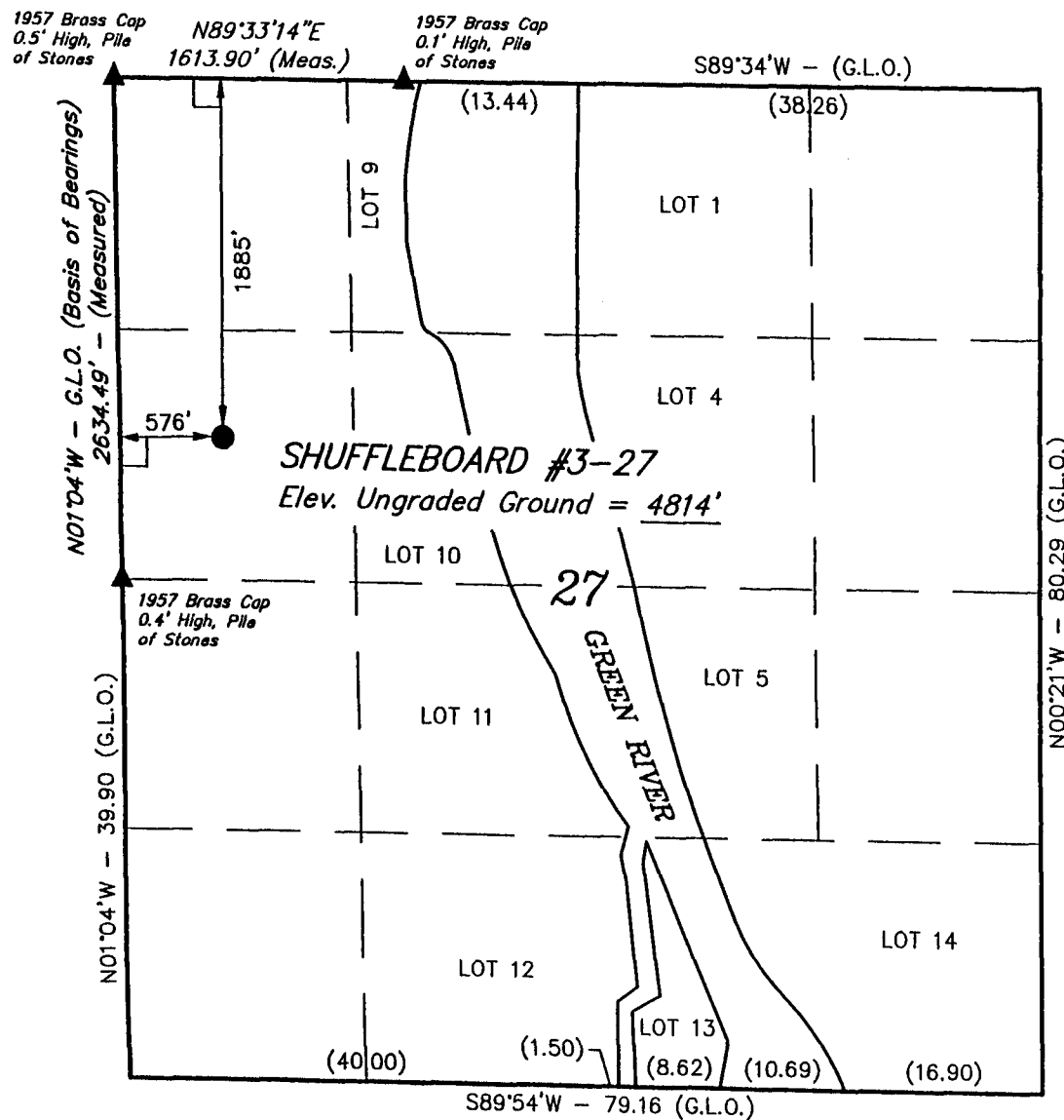
DIVISION OF
OIL, GAS AND MINING

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

T6S, R21E, S.L.B.&M.

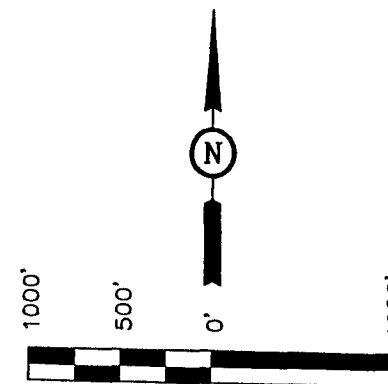
ROSEWOOD RESOURCES, INC.

Well location, SHUFFLEBOARD #3-27, located as shown in the SW 1/4 NW 1/4 of Section 27, T6S, R21E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHWEST CORNER OF SECTION 27, T6S, R21E, S.L.B.&M. TAKEN FROM THE VERNAL SE QUADRANGLE, UTAH, UINTAH COUNTY 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4801 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
REGISTRATION NO. 181319
STATE OF UTAH

Revised: 05-02-02 D.R.B.

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(AUTONOMOUS NAD 83)
LATITUDE = 40°16'19.14" (40.271983)
LONGITUDE = 109°32'57.84" (109.549400)

SCALE 1" = 1000'	DATE SURVEYED: 9-25-01	DATE DRAWN: 9-27-01
PARTY K.K. J.J. D.COX	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROSEWOOD RESOURCES, INC.	

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Rosewood Resources, Inc.
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1885' FNL 576' FEL
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ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Order No. 1 and the approved plan of operations. The operator is fully responsible for the actions off his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops of Important Geologic Markers

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Pleistocene Alluvium	Surface	+4814'
Uinta B	3405'	+1405'
Green River	3765'	+1045'
T.D.	3900'	+910'

2. Estimated Depth of Anticipated Water, Oil, Gas or Mineral Formations

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Gas	Uinta B	3405' - 3765'
Gas & Oil	Green River	3765' - 3900'

All fresh water or prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment

Rosewood's minimum specifications for pressure control equipment are as follows:

Ram Type: 10" Hydraulic double with annular, 3000# psi W.P.

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Fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals or unusual characteristics. All indications of usable water shall be reported.

- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells.
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells.
- d. Casing collars shall have a minimum clearance of 0.422 inches on all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing shall be new or reconditioned tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the AO prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per every 2 joints starting with the shoe joint.
- j. Top plugs shall be used to reduce the contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a preflush fluid, inner string cement method, etc. shall be utilized to help prevent cement contamination.

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- k. All casing strings below the conductor shall be tested to 0.22 psi per foot of casing length or 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield. If pressure declines more than 10% in 30 minutes, corrective action will be taken.
- l. On all exploratory wells and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight anticipated to control the well to the next casing point. This test shall be performed before drilling more than 20' of new hole.
- m. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-350'	12 1/4"	8 5/8"	24#	K-55	ST&C	New
Production	0-3900'	7 7/8"	4 1/2"	10.5#	J-55	LT&C	New

- n. Casing design subject to revision based on geological conditions encountered.
- o. The cement program will be as follows:

Surface
0-350'

Type and Amount
250 sx Class "G" with 2% CaCl and
1/4#/sk Cello-Flake.

Production
0-3900'

Type and Amount
Lead Slurry: 380 sx 50/50 Poz "G" with
8% Gel, 10% Cal-Seal & 1/4#/sk Cello-
Flake. Top of cement @ Surface.

Tail Slurry: 100 sx Class "G" with 10%
Cal-Seal.

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- p. Anticipated cement tops will be reported as to depth; not the expected number of cement sacks to be used. The District Office will be notified, with sufficient lead to have an AO to witness running all casing strings and cementing.**
- q. After cementing but before commencing any test, the casing shall stand idle until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.**
- r. The following reports shall be filed with the District Office within 30 days of completing work.**

 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:**

 - a. Setting of each string of casing, showing the size, weight, grade of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated to surface or top of cement behind casing, depth of cementing tools used, casing test method and results and the date performed. Show the Spud date on the first reports submitted.**
 - b. Temperature or bond logs must be submitted for each well where cement was not circulated to surface.**
- s. Auxiliary equipment to be used is as follows:**

 - 1. Kelly Cock Valve**
 - 2. No bit float is deemed necessary.**
 - 3. Sub with full opening valve.**

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5. Mud Program

- a. The proposed circulating mediums to be used during drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-350'	Air/Clear Water	8.3 ppg	---	N/C	---
350-1000'	Clear Water	8.3 ppg	---	N/C	---
1000-3900'	Water/Gel	8.4-9.7	30-40	8	---

There will be sufficient mud on location to control a kick should one occur.

A mud test will be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss and PH.

- b. Mud monitoring equipment to be used is as follows:
1. Periodic checks will be made each tour of the mud system. The mud level will be monitored visually.
- c. No chromate additives will be used in the mud system on Federal and/or Indian Lands without prior BLM approval to ensure adequate protection of fresh water aquifers.
- d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported or disposed in association with the drilling of this well.
- e. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

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5. Evaluation Program

The anticipated type and amount of testing and coring are as follows:

- a. No Drill Stem Tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of DST tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the AO. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the AO. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be reversed out of the test string under controlled surface conditions. This would involve some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to run during the test shall have spark arresters or water cooled exhausts.

- b. An AIT/GR/CDL/ML/GR will be run from the surface casing to T.D.
- c. No cores will be run.
- d. Whether the well is completed as a dry hole or a producer, a "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data,

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geologic summaries, sample description and all pertinent information compiled during the drilling, completion and/or workover operations.

- e. The anticipated completion program will be to test prospective zones in the Uinta Formations by perforating and fracture stimulation.
- f. Daily drilling and completion progress reports shall be submitted to the Vernal Office on a weekly basis.

7. Abnormal Temperatures or Pressures

- a. The expected bottom hole pressure is 3000 psi
- b. No hydrogen sulfide gas, no abnormal pressures or temperatures are anticipated.

8. Anticipated Starting Dates and Notification of Operations

- a. Drilling will commence August 2002.
- b. It is anticipated that the drilling of this well will take approximately 7 days.
- c. The BLM in Vernal, Utah will be notified of anticipated dates to begin road & location construction and spud date.
- d. No location will be constructed or moved without approval from the AO. If well is plugged or suspended, prior approval from the AO must be obtained and notification given before resuming operations.
- e. The spud date will be reported orally to the AO within 48 hours after spudding. If well is spud on a weekend or holiday, the report will be submitted the following regular work day. Follow oral report with Sundry Notice.

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- f. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, Utah 84078
- g. Immediately Report: Spills, blowouts, fires, leaks, accidents or any other unusual occurrences will be promptly reported in accordance with the requirements of NTL-3A or its revision.
- h. A Completion Rig will be moved in following drilling operations. All conditions of this approved plan are applicable during the completion operations.
- i. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date the well is put on line.
- j. Pursuant to Onshore Order no. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for a permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- k. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day period.

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- l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.)**
- m. A first production conference will be scheduled within 15 days after receipt of the first production notice.**
- n. No well abandonment operations will commence without prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO. A "Subsequent Report of Abandonment" Form 3160-5 will be filed with the AO within 30 days following abandonment operations. This report will indicate where plugs were placed and the current status of the surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or the surface managing agency.**
- o. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see their exploration, development, production and construction operations are conducted in a manner which conforms with applicable Federal, State and Local laws and regulations.**

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SURFACE USE PLAN

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ONSHORE OIL & GAS ORDER NO. 1

NOTIFICATION REQUIREMENTS

Location Construction -	Forty-eight (48) hours prior to construction of location and access roads.
Location Completion -	Prior to moving in drilling rig.
Spud Notice -	At least twenty-four (24) hours prior to spudding the well.
Casing String and - Cementing	Twenty-four (24) hours prior to running casing and cementing all casing strings.
BOPE and Related - Equipment Tests	Twenty-four (24) hours prior to initiating pressure tests.
First Production -	Within five (5) business days after new well begins or production resumes after well has been off line for more than ninety (90) days.

The onsite inspection for the subject well was conducted on Thursday, June 6, 2002 at approximately 9:45 a.m. Temp. 70F, Skies clear, Winds 1-3 mph. In attendance at the onsite inspection were the following individuals:

Byron Tolman
Stephanie Howard
Salty Miller

Bureau of Land Management
Bureau of Land Management
Rosewood Resources, Inc.

1. Existing roads

- a. The proposed well is located approximately 29 miles south of Vernal, Ut.

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- b. Directions to the location from the intersection of US Hwy 40 and State Road 45 at Naples, Utah are as follows:

Proceed south on State Road 45 (paved) for 13.3 miles. Turn west (right) on the Stirrup road (dirt). Proceed 3.6 miles to fork in road. Stay to the north (right) at the fork. Proceed .5 miles to fork in road. Stay to the left (west) at the fork. Proceed 1.8 miles to access road to Federal #21-1-P wellsite. Stay to the right (south). Continue .5 miles on existing 2-Track to access road for HSB #4-28.

- c. For location of access roads within 2-mile radius, see Maps A & B.
- d. Of required access (BLM and County Roads) .5 miles will require upgrading from existing 2-Track.
- e. All new and existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and any newly constructed roads will be maintained in accordance with the standards of the Surface Managing Agency.

2. Planned Access Roads

- a. The last 400' of proposed access will be flat bladed with minimal disturbance. The remainder of the access is maintained by the County Road Dept. or is a BLM road.
- b. The maximum grade of the new construction will be approximately 2%.
- c. No turnouts are planned at this time.
- d. There are no major cuts or fills. No culverts and/or bridges will be required.
- e. The new access road was centerline flagged at the time of staking.

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- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. No cattleguards will be necessary.
- h. Surface disturbance and vehicular travel will be limited to the approved location and access route. Any additional area needed will be approved in advance.
- i. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. (1989)
- j. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction /upgrading shall include ditching, draining, graveling, crowning and capping the roadbed as necessary to provide a well constructed and safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek crossing type. Crossings will be designed to prohibit siltation or accumulation of debris in the crossing nor shall the drainage be blocked by the road. Erosion of barrow ditches by runoff water shall be prevented by diverting water at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- k. If the well is productive, additional water drainage would be added to keep water off the roadway.
- l. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported or disposed of annually in association with drilling of this well.
- m. No road right-of-way will be required at this time.

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SURFACE USE PLAN
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3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location.
See Map "B".

- a. Water wells – none
- b. Injection wells – none
- c. Producing wells – HSB #4-28, Fed. 21-1-P, Fed. 28-1-P
- d. Drilling wells – none
- e. Shut-in wells – none
- f. Temporarily abandoned wells – none
- g. Disposal wells – none
- h. Abandoned wells –
- i. Dry Holes – none

4. Location of Tank Batteries and Production Facilities.

- a. All permanent structures (onsite for six months or longer) constructed or installed (including Pumping Units) will be painted Desert Tan. All facilities will be painted within six months of installation. Facilities required to comply with Occupational Safety and Health Act (OSHA) will be excluded.

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- b. If storage facilities/tank batteries are constructed on this lease, they will be surrounded by a containment dike of sufficient capacity to contain 1 ½ times the contents of the largest tank or vessel, unless more stringent protective requirements are deemed necessary by the AO.
- c. A typical production layout is attached. If at the time of production it is determined that an alternate layout is necessary, a Sundry Notice will be submitted showing placement of all production facilities prior to construction.
- d. All load lines will be placed inside the containment dike.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead, to the meter and 500 feet downstream of the meter run. Meter runs will be housed and/or fenced.
- f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and on all future calibrations. A copy of the calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 5 for natural gas measurement.
- g. If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contradiction in the unit or other lease or boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the AO.

ONSHORE ORDER NO. 1
Rosewood Resources, Inc.
Shuffleboard #3-27
1885' FNL 576' FWL
SW NW Sec. 27, T6S, R21E
Uintah County, Utah

CONFIDENTIAL- TIGHT HOLE

Lease No. UTU-53860

SURFACE USE PLAN

Page 6

- h. Any necessary pits will be properly fenced to prevent wildlife entry.
- i. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- j. All off-lease storage, off-lease measurement or commingling on-lease or off-lease will have prior approval from the District Manager.
- k. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- l. The road will be maintained in a safe useable condition.
- m. The surface pipeline will be 2" steel and will be 400' in length. The pipeline route is shown on Map "C".

5. Location and Type of Water Supply

- a. The proposed water source for this well is the Green River. 43-1053 ^{D.m} 8/1/02
- b. Water will be hauled over the roads shown on Maps "A" and "B".

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.

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SURFACE USE PLAN

Page 7

c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.

d. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

a. The reserve pit will be constructed so as not to leak, break or allow discharge.

b. The reserve pit will be lined with 10 mil. Plastic liner. The pit area will be sufficiently bedded with either straw or felt prior to installing liner. The liner will overlap the pit walls and be covered with dirt or rocks to hold it in place. No trash, scrap pipe, etc. that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the AO.

c. Burning will not be allowed. All trash will be contained in a trash cage and its contents hauled to an approved disposal facility.

d. After first production, produced water will be confined to a pit or storage tank for a period not to exceed ninety (90) days. During this time, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with water analysis, will be submitted for the AO's approval.

e. Drill cuttings are to be contained and buried in the reserve pit.

f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.

g. A chemical portable-toilet will be furnished with the drilling rig.

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SURFACE USE PLAN

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8. Ancillary Facilities

There are no airstrips, camps or other facilities currently planned during the drilling of this well.

9. Well Site Layout

- a. The operator or dirt contractor shall contact the BLM Office at (435) 789-1362, forty-eight (48) hours prior to construction activities.
- b. The reserve pit will be on the southwest side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the east side, a minimum of 100 feet from the wellhead and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on south and east edges of the location as shown on the Pit & Pad Layout. A separate topsoil pile for the reserve pit reclamation will be located at the south side of pit.
- e. Access to the well pad will be from the southwest as shown in the Pit & Pad Layout.
- f. See Location Layout for orientation of rig, cross section of drill pad, cuts and fills.
- g. The location of mud tanks, reserve pit, trash cage, pipe racks and living facilities are also shown on the Location Layout.

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SURFACE USE PLAN

Page 9

- h. During construction, all brush/trees will be removed from the well pad and access road to be stockpiled separately from the topsoil piles as shown in the Pit & Pad Layout.
- i. All pits will be fenced to the following minimum standards:
 - 1. 39 inch net wire shall be used with at least one strand of barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
 - 2. The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height should be at least 42 inches.
 - 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 - 4. Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
 - 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- j. The reserve pit fencing will be on three sides during the drilling operations and on the fourth side when the rig is moved off the location. Pits will be fenced and maintained until cleanup.

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SURFACE USE PLAN

Page 10

10. Plans for Restoration of Surface Producing Location

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- c. The plastic nylon reinforced liner shall be torn and perforated before backfilling the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be contoured to approximate the original contours of the site.
- e. Reclamation of unrequired areas on the well pad/access road no longer needed for operations will be accomplished by grading, leveling and seeding as recommended by the AO.

The seed mixture requested by the BLM for reclamation of the drillsite is as follows:

<u>Species</u>	<u>Lbs. PLS/Acre</u>
4-Wing Salt Brush	4
Crested Wheatgrass	4
Indian Ricegrass	4

Seeding will be performed with approval from AO. Generally seeding is performed in the Fall prior to permanent ground freezing. Seed will be drilled or broadcast and seed walked in with dozer.

- f. The topsoil stockpile will be seeded with above listed seed mixture.

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SURFACE USE PLAN

Page 11

Dry Hole

- g. At such time as the well is plugged and abandoned, the operator shall submit a Subsequent Report of Abandonment and the AO will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Roads - All roads are county maintained or managed by the BLM.

Well pad - The well pad is located on lands managed by the BLM.

Mineral Ownership

The minerals are owned by the Federal Government and have been leased by Rosewood Resources, Inc.

12. Other Information

- a. A Class III archeological survey has been conducted by Sagebrush Archeology. A copy of this report will be sent directly to the appropriate agencies by Sagebrush Archeology.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing and/or collecting artifacts from historic or archeological sites. If historic or archeological materials are uncovered during construction, the operator is to immediately halt all operations and contact the AO. Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National Register of Historic Places;

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SURFACE USE PLAN

Page 12

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process. The AO will assume responsibility for whatever recordation and stabilization of the exposed materials that may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides, pesticides or other potentially hazardous chemicals.
- d. Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any time without BLM authorization.
- e. A Diversion Ditch will be constructed around north edge of location. See Pit & Pad Layout.

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SURFACE USE PLAN

Page 13

- f. All lease and/or unit operations will be conducted in such a manner that full compliance with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations and any applicable Notice To Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of the approved APD shall be on location during construction and drilling activities.
- g. A complete copy of the APD shall be on location during construction of location and drilling activities.
- h. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices shall be observed. All wells, whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.
- i. "Sundry Notice and Report on Wells" (Form 3160-5) will be used to request plan changes and other operations in accordance with 43 CFR 3162.3-2.
- j. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval. After permit termination, a new application will need to be filed for any future operations.
- k. The operator or his contractor shall contact the BLM Offices at (435) 789-1362 48 hours prior to beginning construction activities.
- l. The BLM Office shall be notified upon site completion prior to moving in the drilling rig.
- m. In the event after-hours approval is necessary, please contact one of the following individuals:

Ed Forsman
Jerry Kenczka
BLM Fax Machine

Petroleum Engineer (435)789-7077
Petroleum Engineer (435)781-1190
(435)789-3634

ONSHORE ORDER NO. 1
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SURFACE USE PLAN
Page 14

13. Lessee's or Operator's Representatives

ROSEWOOD RESOURCES, INC.
P.O. Box 1668
Vernal, Utah 84078
435/789-0414 (O)

Permit Matters

Jill Henrie - 435/789-0414 Ext. 10

Drilling & Completion Matters

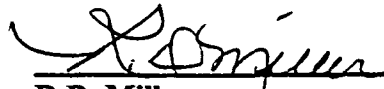
Danny Widner - 435/789-0414 Ext. 11 (Office)
435/828-6100 (Mobile)
Salty Miller - 435/789-0414 Ext. 15 (Office)
435/789-6438 (Mobile)
435/789/0823 (Home)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Rosewood Resources, Inc. and it's contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

June 23, 2002
Date:



R.D. Miller
Drilling Superintendent
Rosewood Resources, Inc.

NOTICE OF STAKING

NOTICE OF STAKING (Not to be used in place of Application for Permit to Drill Form 3160-3)		6. Lease Number <i>UTU- 53860</i>	
1. Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other (Specify)		7. If Indian, Allottee or Tribe Name	
2. Name of Operator <i>Rosewood Resources, Inc.</i>		8. Unit Agreement Name	
3. Name of Specific Contact Person <i>Jill Henrie</i>		9. Farm or Lease Name <i>Shuffleboard</i>	
4. Address & Phone No. of Operator or Agent <i>P.O. Box 1668, Vernal, Ut. 84078 (435)789-0414 Ext. 10</i>		10. Well No. <i>#3-27</i>	
5. Surface Location of Well <i>2085' FNL 1500' FWL SE NW Sec. 27, T6S, R21E, Uintah Co., Utah</i>		11. Field or Wildcat Name	
Attach: a) Sketch showing road entry onto pad, pad dimensions, and reserve pit. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		12. Sec., T., R., M., or Blk. and Survey or Area <i>2085' FNL 1500' FWL SE/NW Sec. 27, T6S, R21E S.L.B.&M.</i>	
15. Formation Objective(s) <i>Uinta "B"</i>	16. Estimated Well Depth <i>3500'</i>	County or Parish or Borough <i>Uintah County</i>	14. State <i>Utah</i>
17. Additional Information (as appropriate; shall include surface owner's name, address and, if known, telephone number)			

13. Signed *[Signature]* Title *Drilling Supt.* Date *10/17/01*

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite. Operators must consider the following prior to the onsite.

- a) H₂S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

IMPORTANT: SEE REVERSE SIDE FOR INSTRUCTIONS
BILLING CODE 4310-54-C

RECEIVED
AUG 01 2002
DIVISION OF
OIL, GAS AND MINING

ROSEWOOD RESOURCES, INC.
SHUFFLEBOARD #3-27
LOCATED IN UTAH COUNTY, UTAH
SECTION 27, T6S, R21E, S.L.B.&M.

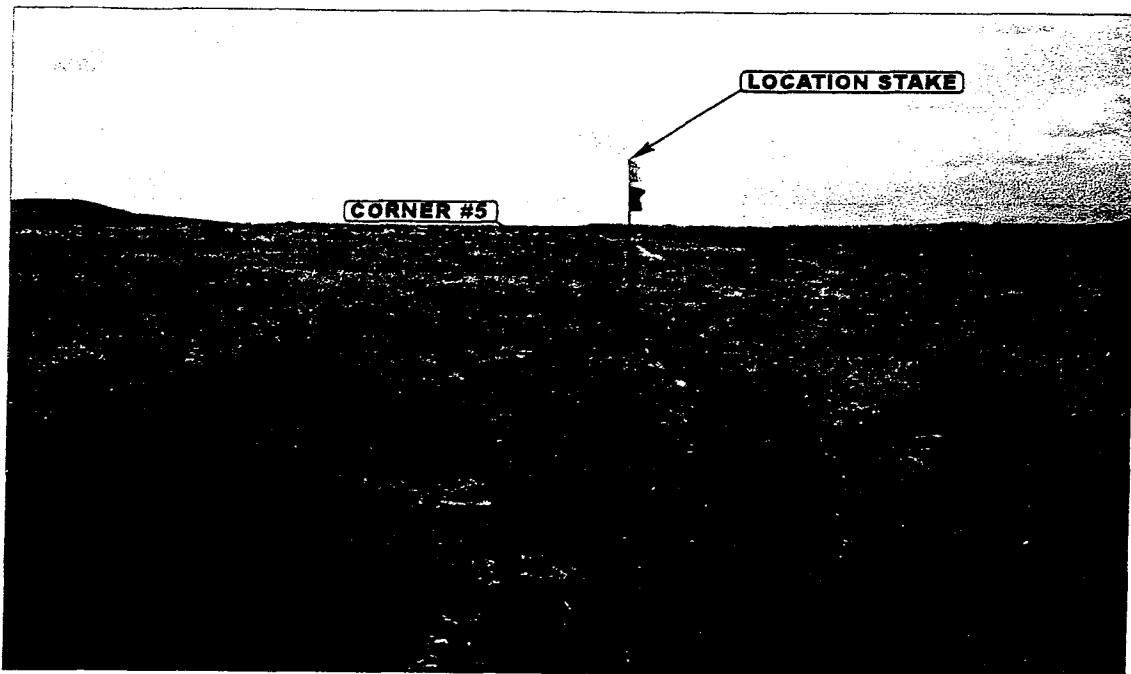


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY

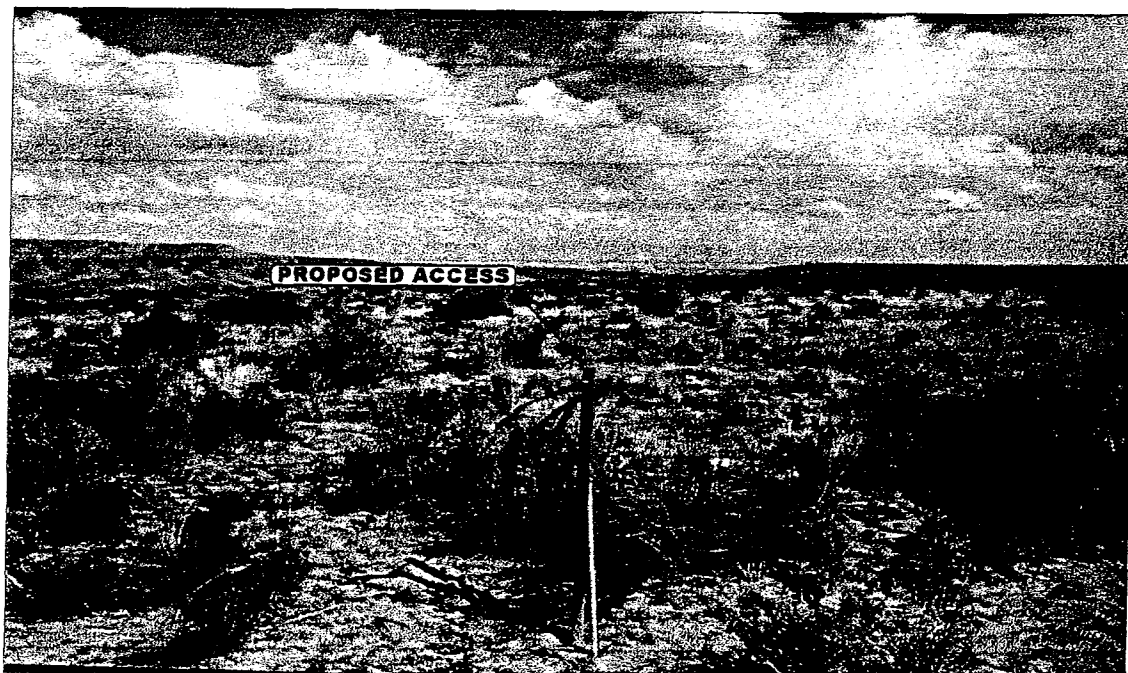


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHEASTERLY



- Since 1964 -

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

10 10 01
MONTH DAY YEAR

PHOTO

TAKEN BY: K.K.

DRAWN BY: P.M.

REVISED: 5-2-02

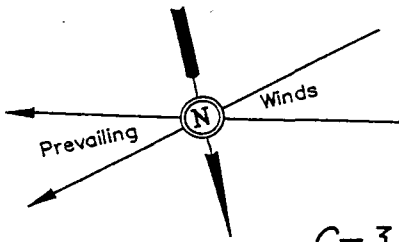
ROSEWOOD RESOURCES, INC.

LOCATION LAYOUT FOR

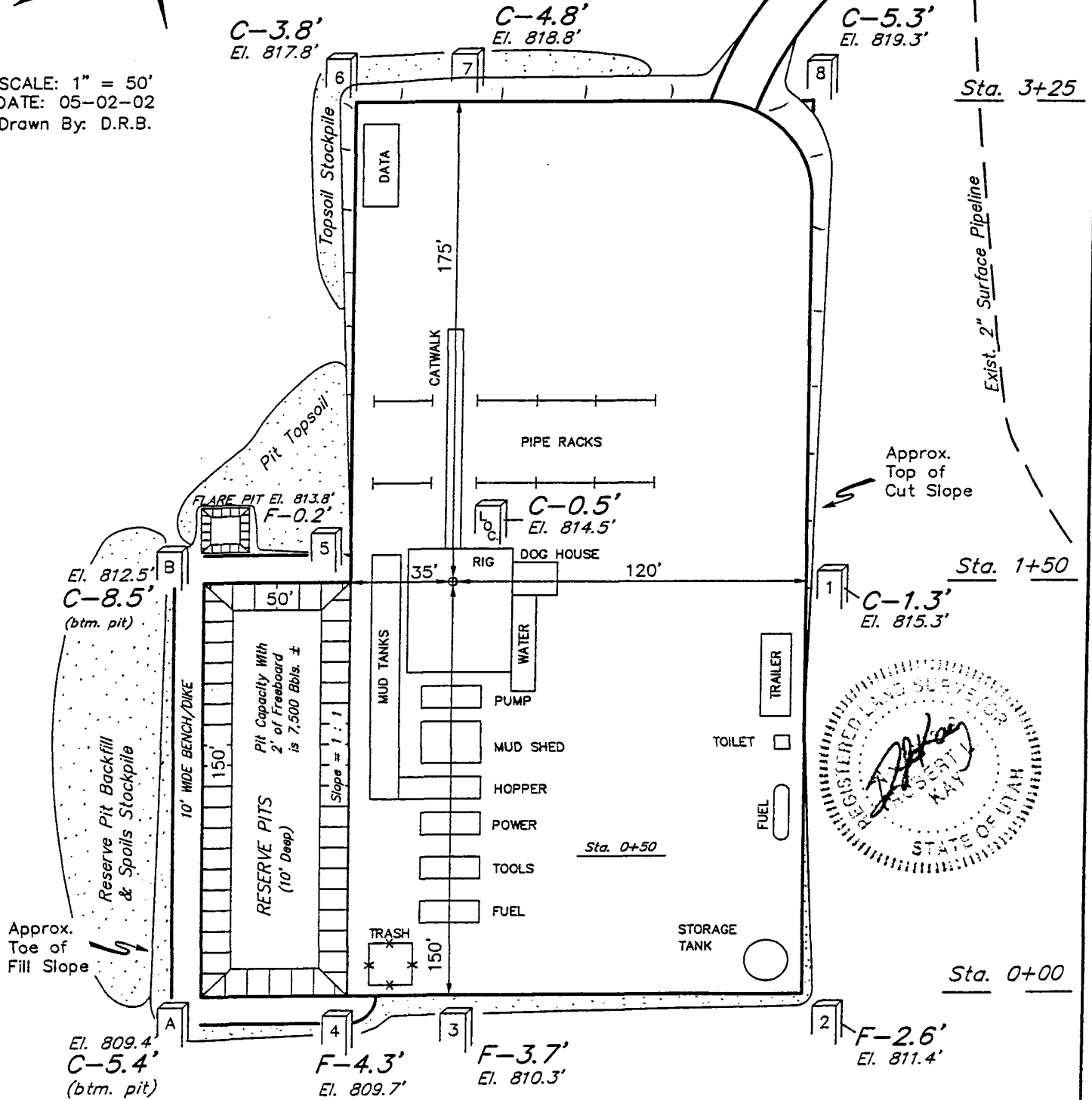
SHUFFLEBOARD #3-27

SECTION 27, T6S, R21E, S.L.B.&M.

1885' FNL 576' FWL



SCALE: 1" = 50'
DATE: 05-02-02
Drawn By: D.R.B.



Elev. Ungraded Ground at Location Stake = 4814.5'
Elev. Graded Ground at Location Stake = 4814.0'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

1" = 20'
X-Section
Scale
1" = 50'

ROSEWOOD RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

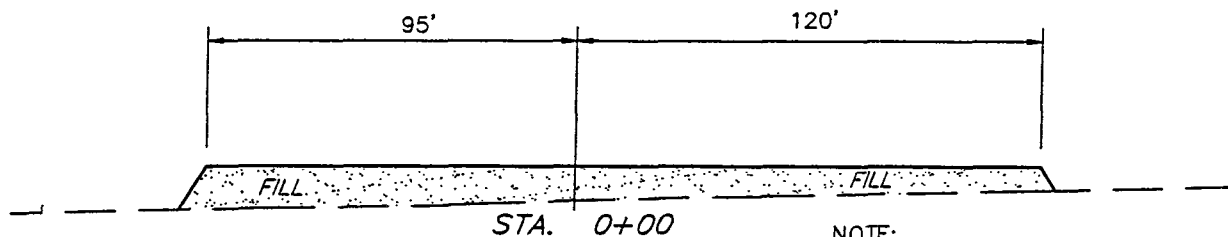
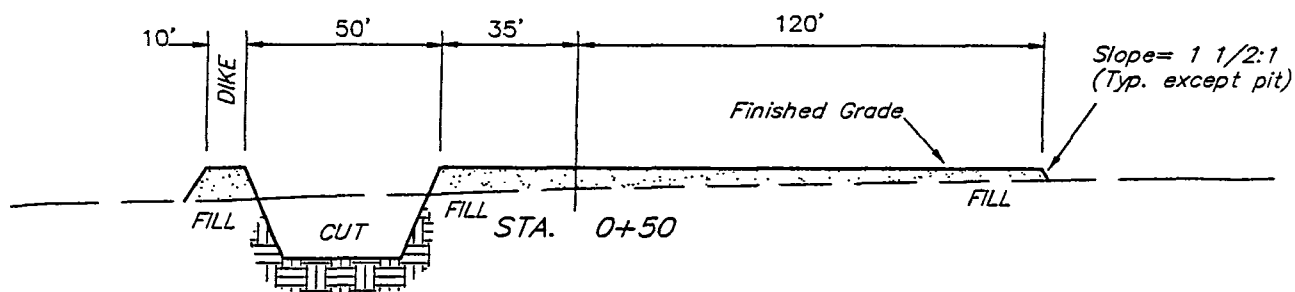
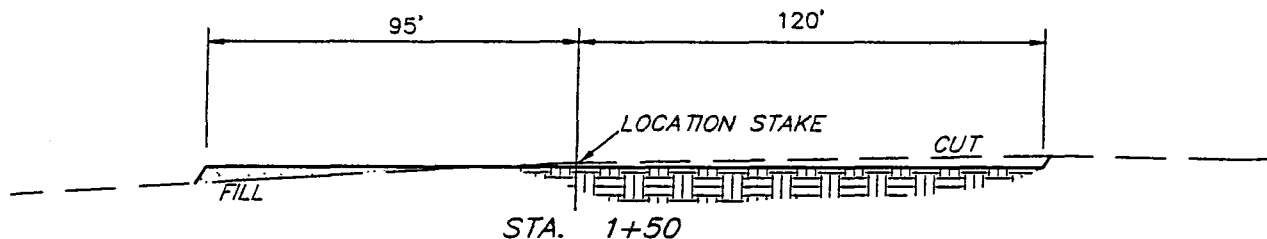
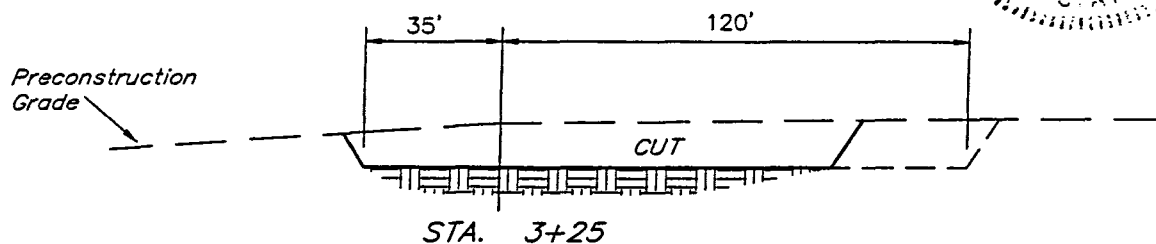
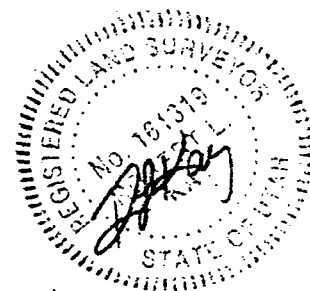
SHUFFLEBOARD #3-27

SECTION 27, T6S, R21E, S.L.B.&M.

1885' FNL 576' FWL

DATE: 05-02-02

Drawn By: D.R.B.



NOTE:

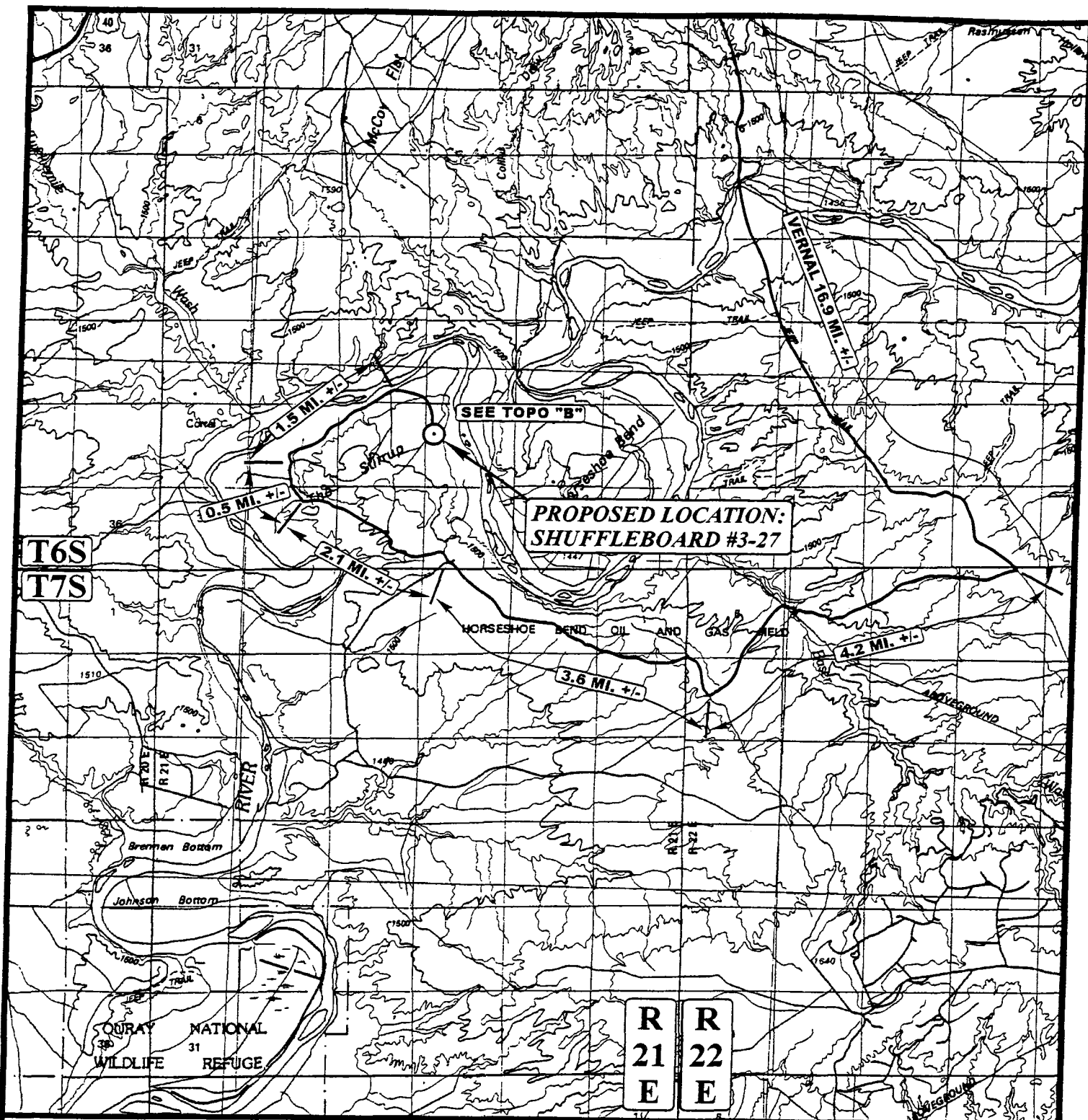
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

APPROXIMATE YARDAGES

(6") Topsoil Stripping = 1,120 Cu. Yds.
Remaining Location = 3,830 Cu. Yds.
TOTAL CUT = 4,950 CU.YDS.
FILL = 2,100 CU.YDS.

EXCESS MATERIAL AFTER
5% COMPACTION = 2,740 Cu. Yds.
Topsoil & Pit Backfill
(1/2 Pit Vol.) = 2,170 Cu. Yds.
EXCESS UNBALANCE
(After Rehabilitation) = 570 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

⊙ PROPOSED LOCATION



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



ROSEWOOD RESOURCES, INC.

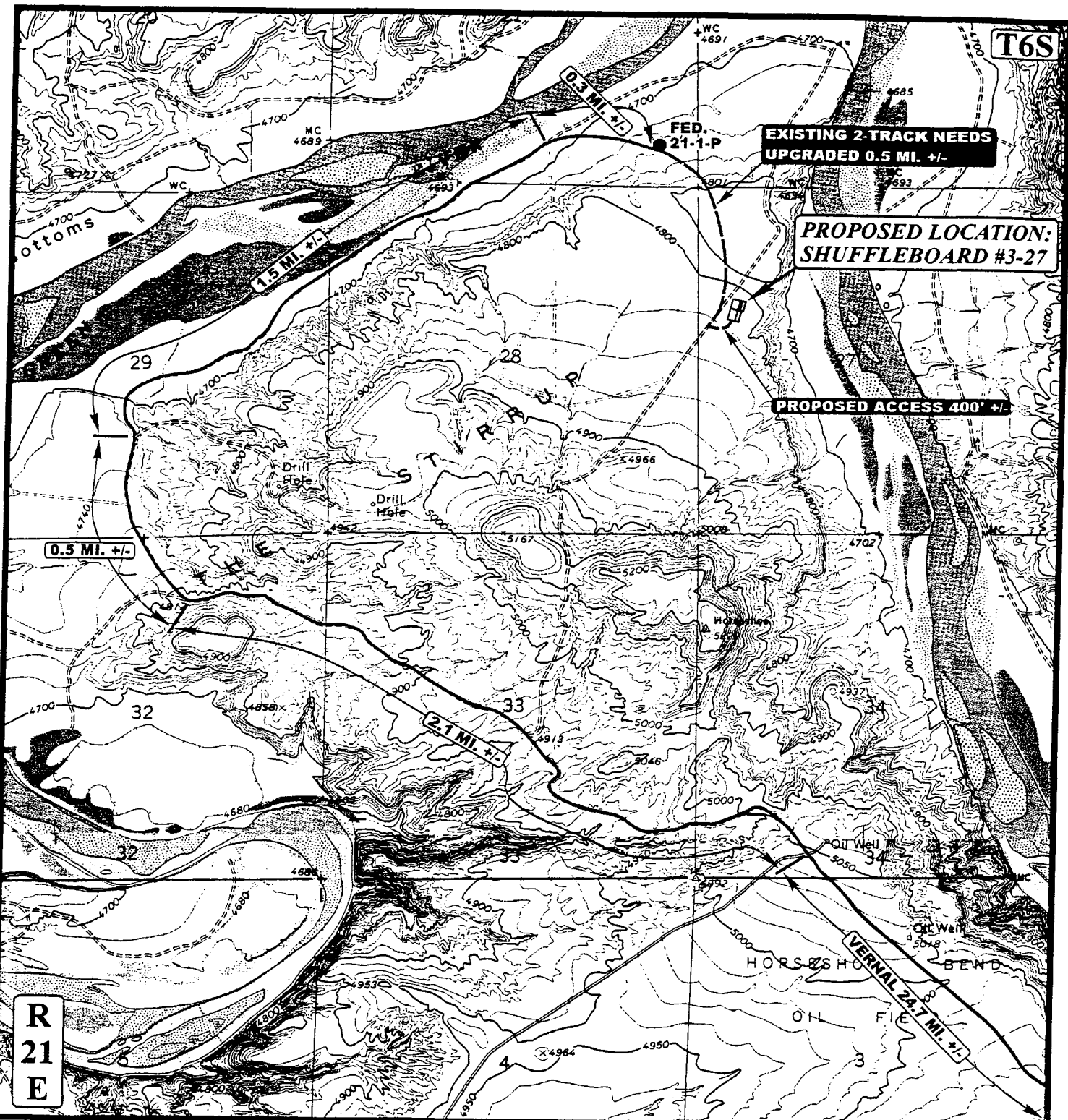
SHUFFLEBOARD #3-27
SECTION 27, T6S, R21E, S.L.B.&M.
1885' FNL 576' FWL

TOPOGRAPHIC
MAP

10 10 01
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: P.M. REVISED: 6-21-02

A
TOPO



LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED

ROSEWOOD RESOURCES, INC.

SHUFFLEBOARD #3-27
SECTION 27, T6S, R21E, S.L.B.&M.
1885' FNL 576' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

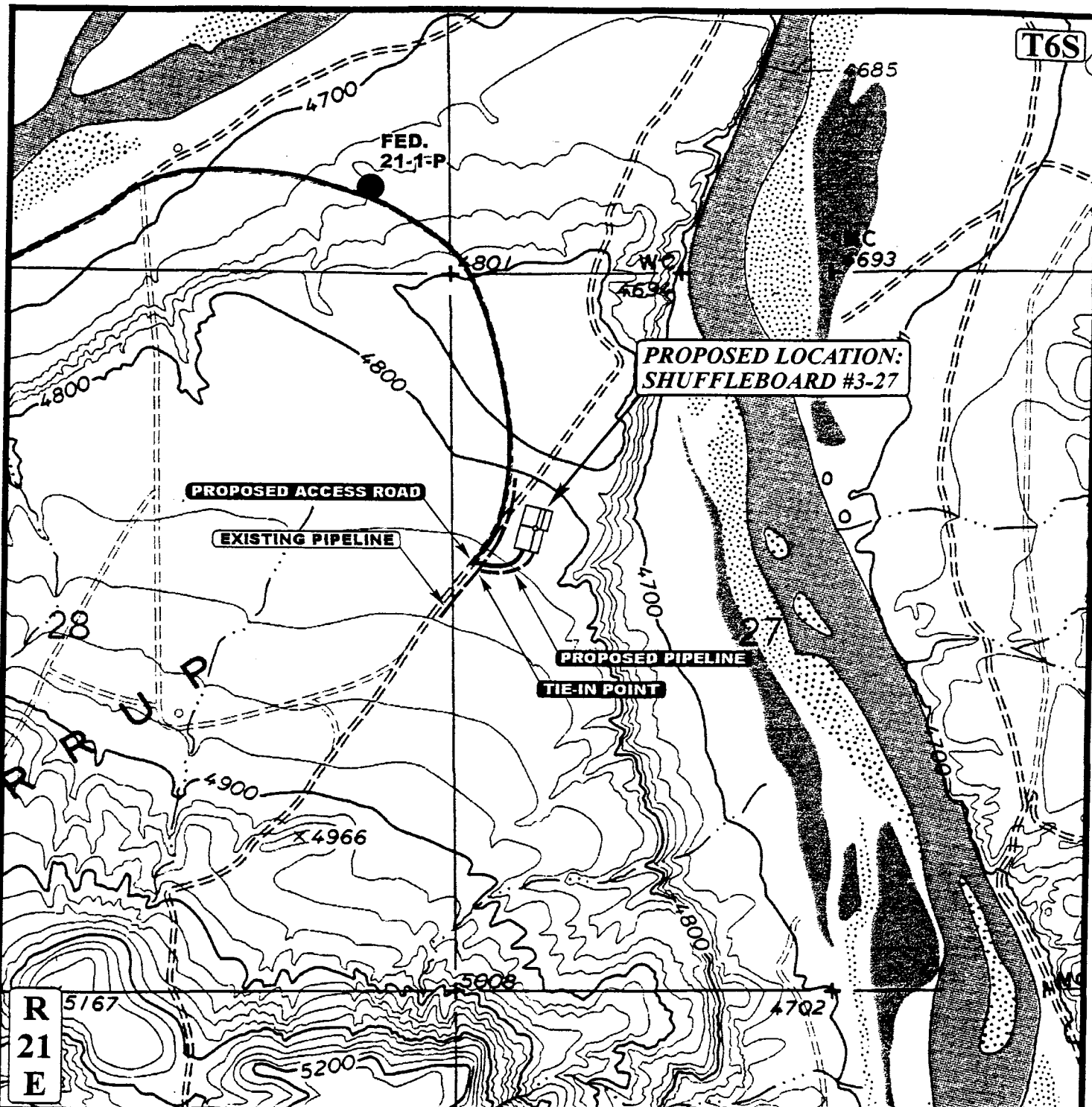


TOPOGRAPHIC
MAP

10 10 01
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 6-21-02

B
TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 400' +/-

LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE

ROSEWOOD RESOURCES, INC.

SHUFFLEBOARD #3-27

SECTION 27, T6S, R21E, S.L.B.&M.

1885' FNL 576' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



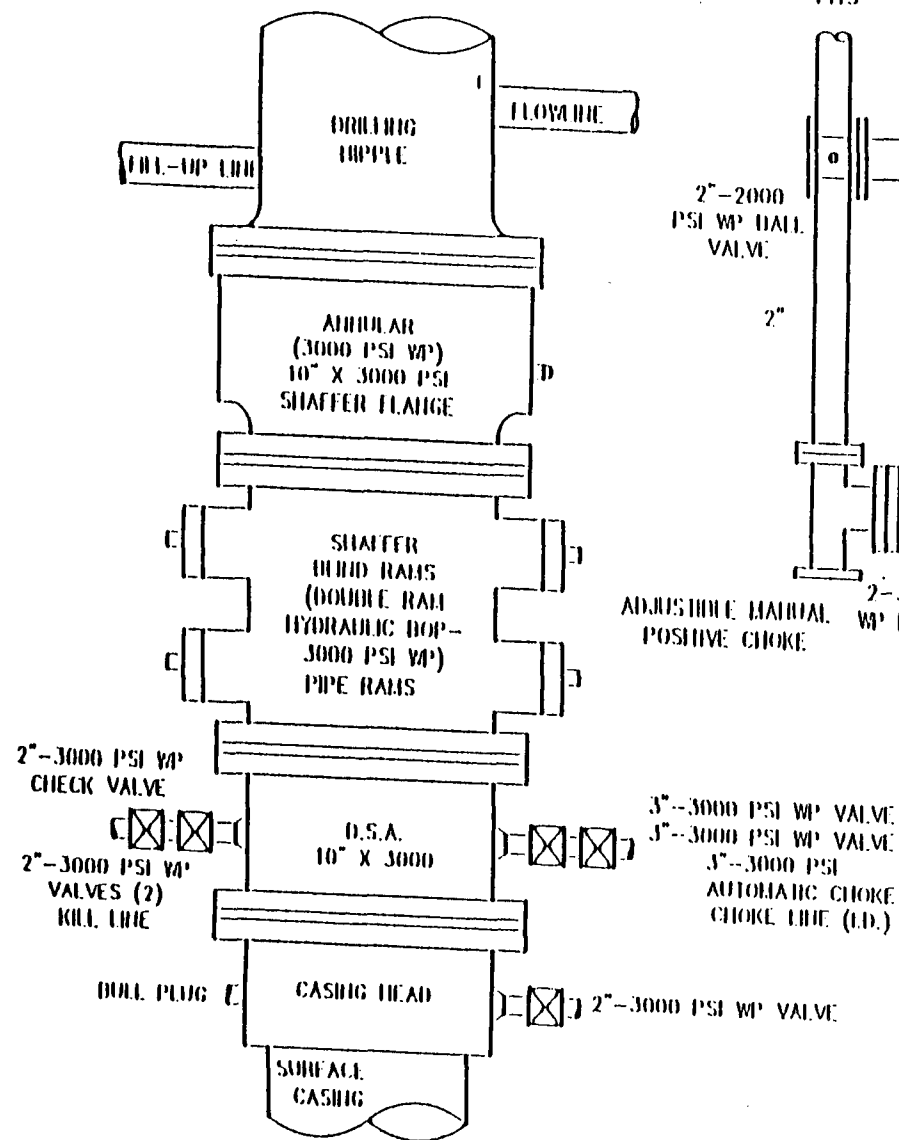
**TOPOGRAPHIC
MAP**

7 3 02
MONTH DAY YEAR

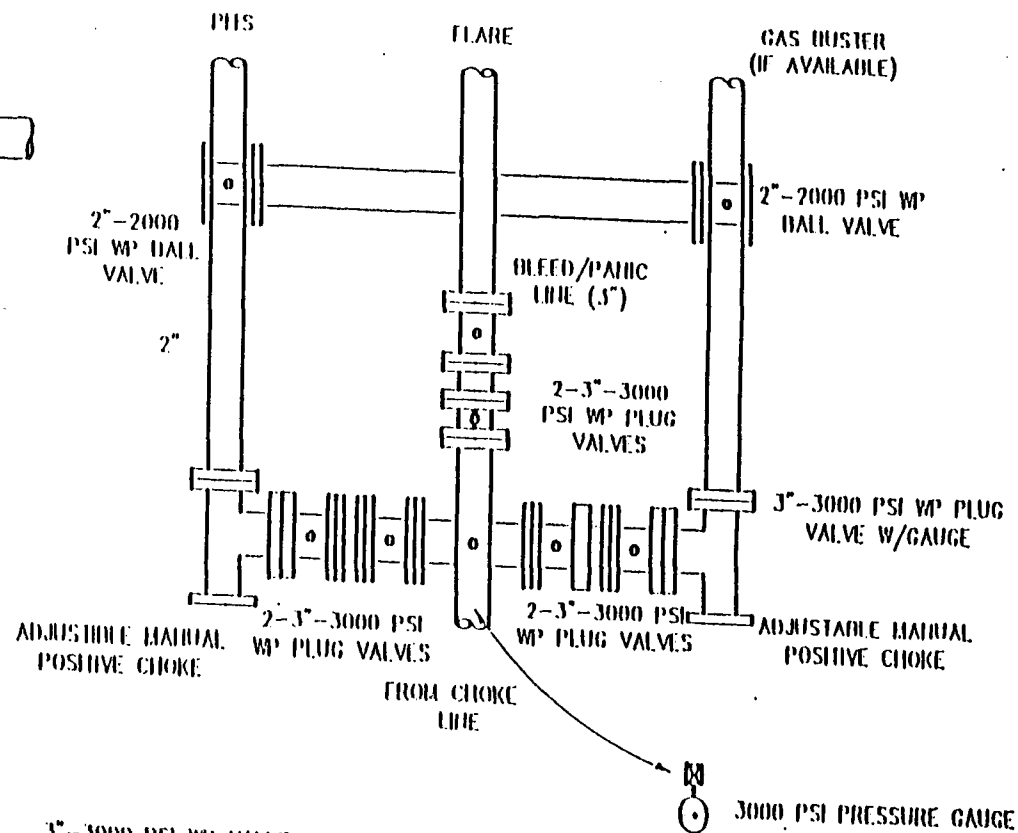
SCALE: 1" = 1000' DRAWN BY: P.M. REVISED: 00-00-00



HOP SCHEMATIC 3000 PSI WORKING PRESSURE



PLAN VIEW CHOKING MANIFOLD



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKING AND BLEED/PAINC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKING LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TANGENTING 90° TEES OR ELBS. ALL LINES SHALL BE ANCHORED.

SELF CERTIFICATION

Please be advised that Rosewood Resources, Inc. is to be considered the operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

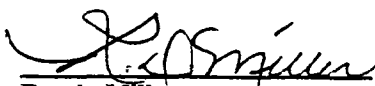
Bond coverage for this well is provided by Nationwide Bond no. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

CERTIFICATION

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route: that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Rosewood Resources, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

Date 7-26-02


Randy Miller
Drilling Superintendent
Rosewood Resources, Inc.

003

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/01/2002

API NO. ASSIGNED: 43-047-34683

WELL NAME: SHUFFLEBOARD 3-27

OPERATOR: ROSEWOOD RESOURCES INC (N7510)

CONTACT: JILL HENIRE

PHONE NUMBER: 435-789-0414

PROPOSED LOCATION:

SWNW 27 060S 210E

SURFACE: 1885 FNL 0576 FWL

BOTTOM: 1885 FNL 0576 FWL

UINTAH

HORSESHOE BEND (620)

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU 53860

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: GRRV

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LATITUDE: 40.27191

LONGITUDE: 109.54900

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
 (No. MT-0627)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit
 (No. 43-11053)

☒ RDCC Review (Y/N)
 (Date:)

☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3.

Unit

R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

R649-3-3. Exception

☒ Drilling Unit

Board Cause No: 145-12 (80')

Eff Date: 1-2-2002

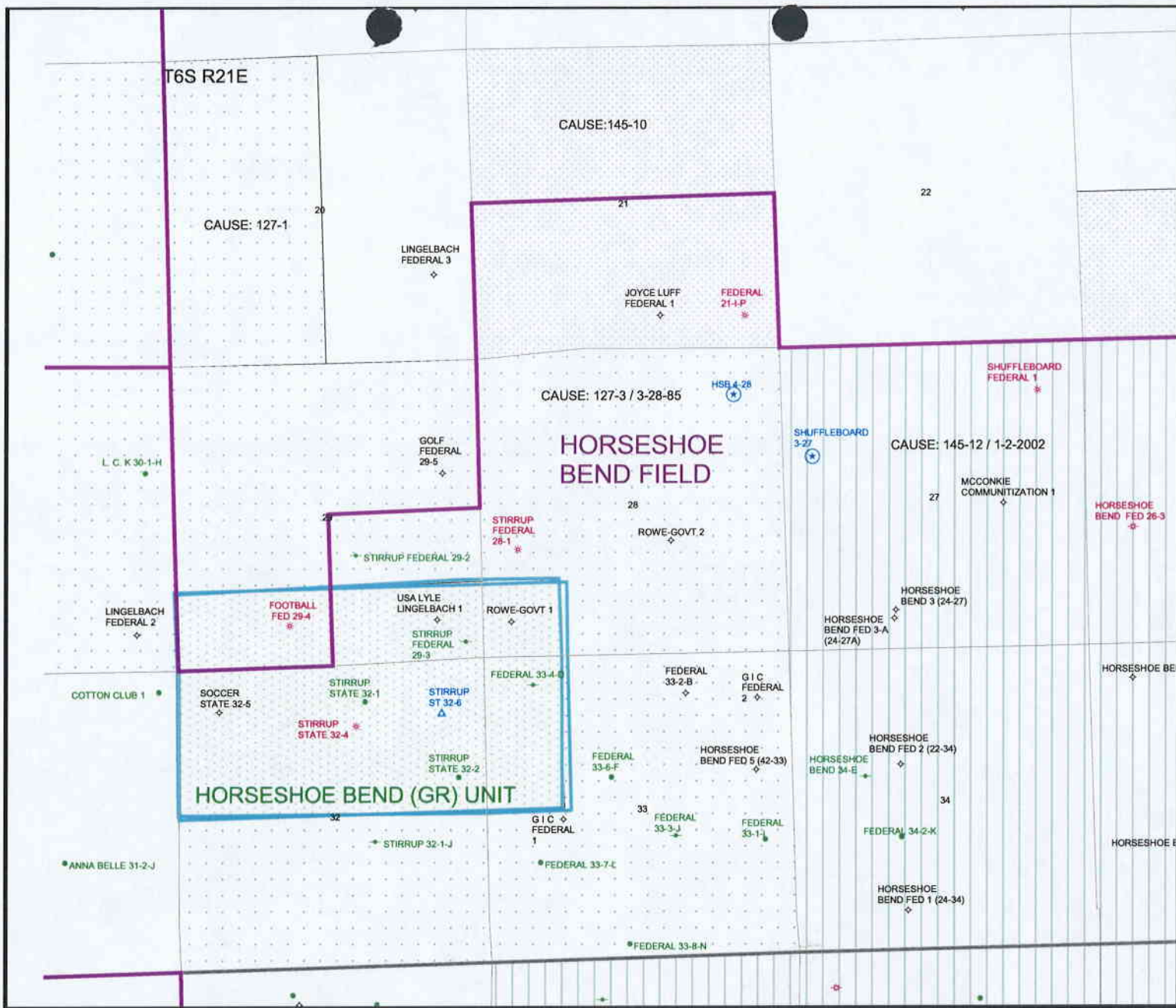
Siting: * 500' fr boundaries of quarter Section

R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

Federal Approval



OPERATOR NAME: ROSEWOOD RES (N7510)

SEC: 27 T6S R21E

FIELD: HORSESHOE BEND (620)

COUNTY: UTAH SPACING: 145-12 / 1-2-2002



Utah Oil Gas and Mining

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- Township.shp
- Sections

Well Status

- ♦ Gas Injection
- ♦ Gas Storage
- ♦ Location Abandoned
- Location
- ♦ Plugged
- ♦ Producing Gas
- ♦ Producing Oil
- ♦ Shut-In Gas
- ♦ Shut-In Oil
- x Temporarily Abandoned
- ♦ Test Well
- ♦ Water Injection
- ♦ Water Supply
- ♦ Water Disposal

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED



Prepared By: D. Mason
Date: 1-AUGUST-2002



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MININGMichael O. Leavitt
GovernorKathleen Clarke
Executive DirectorLowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

August 5, 2002

Rosewood Resources, Inc

P O Box 1668

Vernal, UT 84078

Re: Shuffleboard 3-27 Well, 1885' FNL, 576' FWL, SW NW, Sec. 27, T. 6 South, R. 21 East,
Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-34683.

Sincerely,

A handwritten signature in black ink, appearing to read 'John R. Baza'.

for John R. Baza
Associate Director

pb

Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Rosewood Resources, Inc
Well Name & Number Shuffleboard 3-27
API Number: 43-047-34683
Lease: UTU-53860

Location: SW NW **Sec.** 27 **T.** 6 South **R.** 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

JUL 26 2002

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

009

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU 53860	
1b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
2. NAME OF OPERATOR ROSEWOOD RESOURCES, INC.		7. UNIT AGREEMENT NAME SHUFFLEBOARD	
3. ADDRESS OF OPERATOR P.O. BOX 1668, VERNAL, UTAH 84078		8. FARM OR LEASE NAME	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At Surface 1885' FNL & 576' FWL SW NW SEC 27 T6S R21E At proposed Prod. Zone		9. WELL NO. #3-27	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* APPROXIMATELY 29 MILES SOUTH OF BONANZA, UTAH		10. FIELD AND POOL OR WILDCAT STIRRUP	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 576'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA	
16. NO. OF ACRES IN LEASE		12. County UINTAH	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40 ACRES		13. STATE UTAH	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT. 2500' +/-		19. PROPOSED DEPTH 3900' TD	
20. ROTARY OR CABLE TOOLS ROTARY		21. APPROX. DATE WORK WILL START* UPON APPROVAL	
22. ELEVATIONS (Show whether DF, RT, GR, etc.) 4814' UNGRADED		23. PROPOSED CASING AND CEMENTING PROGRAM	
SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH
12 1/4"	8 5/8	24#	350'
7 7/8"	4 1/2"	10.5#	3900' TD
QUANTITY OF CEMENT 250SX. CIRC TO SURFACE 480 SXS 2 STAGE TO SURFACE 50/50 POZ CLASS "G"			

Rosewood Resources, Inc. proposes to drill a well to 3900' TD to test the ~~Wasatch~~ ^{Uinta} and ~~Mesa Verde~~ ^{Green River} formations. If productive, casing will be set and the well completed. If dry, the well will be plugged and abandoned as per BLM & State of Utah requirements.

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CONFIDENTIAL - TIGHT HOLE

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone.

If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

DIVISION OF
OIL, GAS AND MINING

24. SIGNED Jill Henrie TITLE Administrative Assistant DATE 07/25/2002

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Edwin L. [Signature] TITLE ACTING Assistant Field Manager DATE 8/15/02

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CONDITIONS OF APPROVAL ATTACHED

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Rosewood Resources, Inc.

Well Name & Number: Shuffleboard #3-27

API Number: 43-047-34683

Lease Number: U - 53860

Location: SWNW Sec. 27 T.06S R. 21E

Agreement: C.A. UT080P49-86C692

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DIVISION OF
OIL GAS AND MINING

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to this office **prior to setting the next casing or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

3. Casing Program and Auxiliary Equipment

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the shallowest potential productive zone.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

5. Coring, Logging and Testing Program

A cement bond log (CBL) will be run from the production casing shoe to the top of the cement and shall be utilized to determine the bond quality for the production casing.

Submit a field copy of the CBL to this office.

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DIVISION OF
OIL, GAS AND MINING

6. Notifications of Operations

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

7. Other Information

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (435) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 781-4410

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DIVISION OF
OIL, GAS AND MINING

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

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OIL, GAS AND MINING

CONDITIONS OF APPROVAL
FOR THE SURFACE USE PROGRAM OF THE
APPLICATION FOR PERMIT TO DRILL

- The access road should be crowned at between 2 to 3%. When snow is removed from the road during the winter months, the snow should be pushed outside of the burrow ditches and the turn outs should be kept clear so that when the snow melts the water will be channeled away from the road.
- The topsoil shall be windrowed between corners 2 and 8 instead of as shown on the APD cut sheet. The topsoil and brush shall be piled together instead of separately as indicated in the APD. The location topsoil shall be broadcast seeded with the seed mix shown in the APD and walked with the dozer immediately after the topsoil has been windrowed.
- The reserve pit shall be lined with at least a 12 mil liner and no straw should be used for bedding. If rocky conditions exist in the pit a felt liner should be used to bed the plastic liner instead of straw.
- Once the reserve pit is dry, it should be filled, recontoured, topsoil spread, and seeded in the same manner as the topsoil.
- Subsoils should be used for the construction of tank dikes. **Topsoil is not to be used for dike construction.**
- There is no diversion ditch needed around the north end of the location as indicated in the APD.

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DIVISION OF
OIL, GAS AND MINING

005
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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1b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input type="checkbox"/> SINGLE <input type="checkbox"/> MULTIPLE <input type="checkbox"/> WELL <input type="checkbox"/> WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> ZONE <input type="checkbox"/> ZONE <input checked="" type="checkbox"/>		6. IF INDIAN, ALOTTEE OR TRIBE NAME N/A																
2. NAME OF OPERATOR ROSEWOOD RESOURCES, INC.		7. UNIT AGREEMENT NAME SHUFFLEBOARD																
3. ADDRESS OF OPERATOR P.O. BOX 1668, VERNAL, UTAH 84078		8. FARM OR LEASE NAME																
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<table border="1"><thead><tr><th>SIZE OF HOLE</th><th>SIZE OF CASING</th><th>WEIGHT/FOOT</th><th>SETTING DEPTH</th><th>QUANTITY OF CEMENT</th></tr></thead><tbody><tr><td>12 1/4"</td><td>8 5/8</td><td>24#</td><td>350'</td><td>250SX. CIRC TO SURFACE</td></tr><tr><td>7 7/8"</td><td>4 1/2"</td><td>10.5#</td><td>3900' TD</td><td>480 SXS 2 STAGE TO SURFACE</td></tr></tbody></table>				SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT	12 1/4"	8 5/8	24#	350'	250SX. CIRC TO SURFACE	7 7/8"	4 1/2"	10.5#	3900' TD	480 SXS 2 STAGE TO SURFACE
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Rosewood Resources, Inc. proposes to drill a well to 3900' TD to test the Wasatch and Mesa Verde formations. If productive, casing will be set and the well completed. If dry, the well will be plugged and abandoned as per BLM & State of Utah requirements.

CONFIDENTIAL - TIGHT HOLE

SEP 09 2002

DIVISION OF
OIL, GAS AND MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Jill Henrie TITLE Administrative Assistant DATE 07/25/2002

(This space for Federal or State office use)

PERMIT NO. 43-047-34683 APPROVAL DATE _____

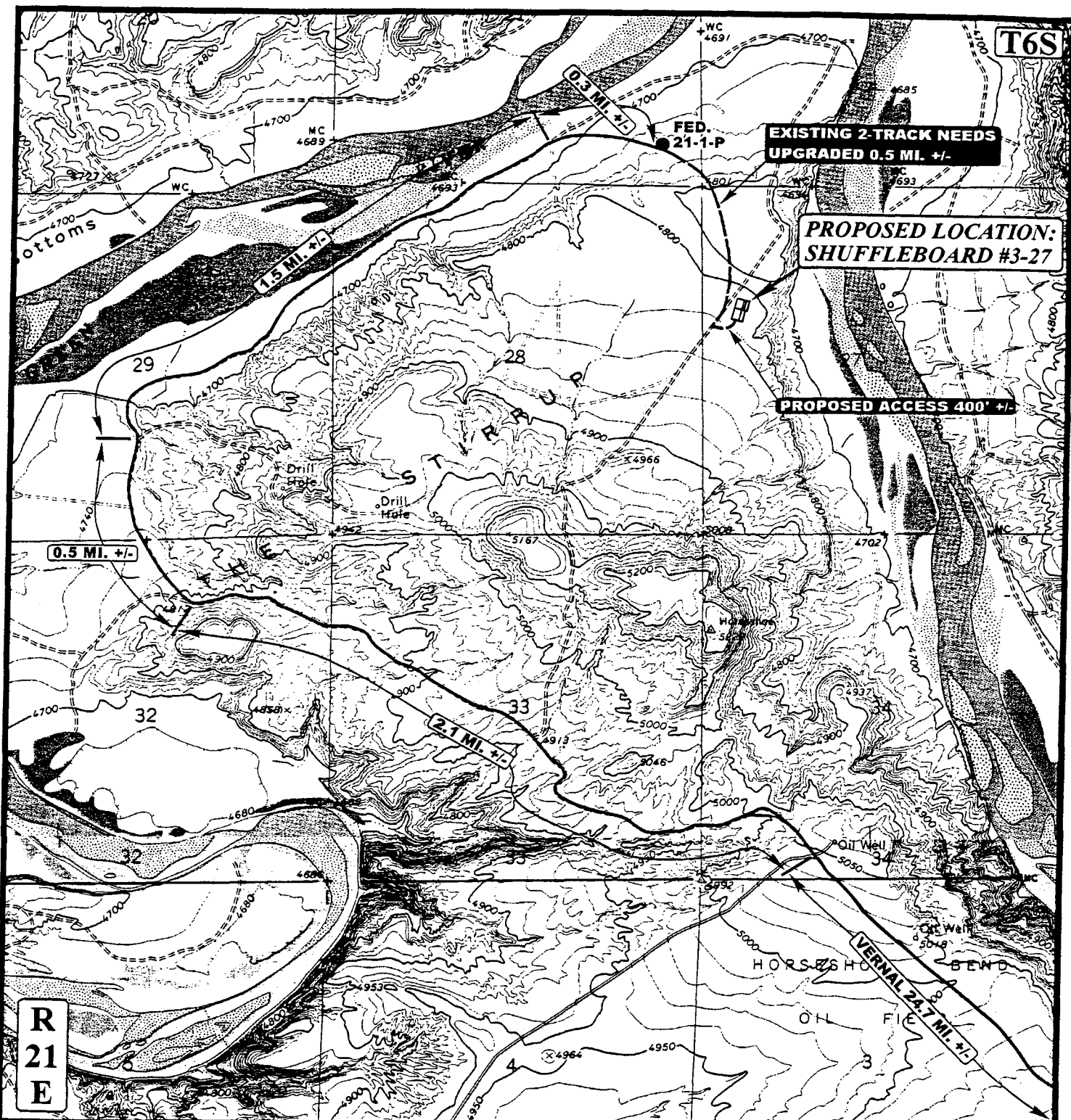
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

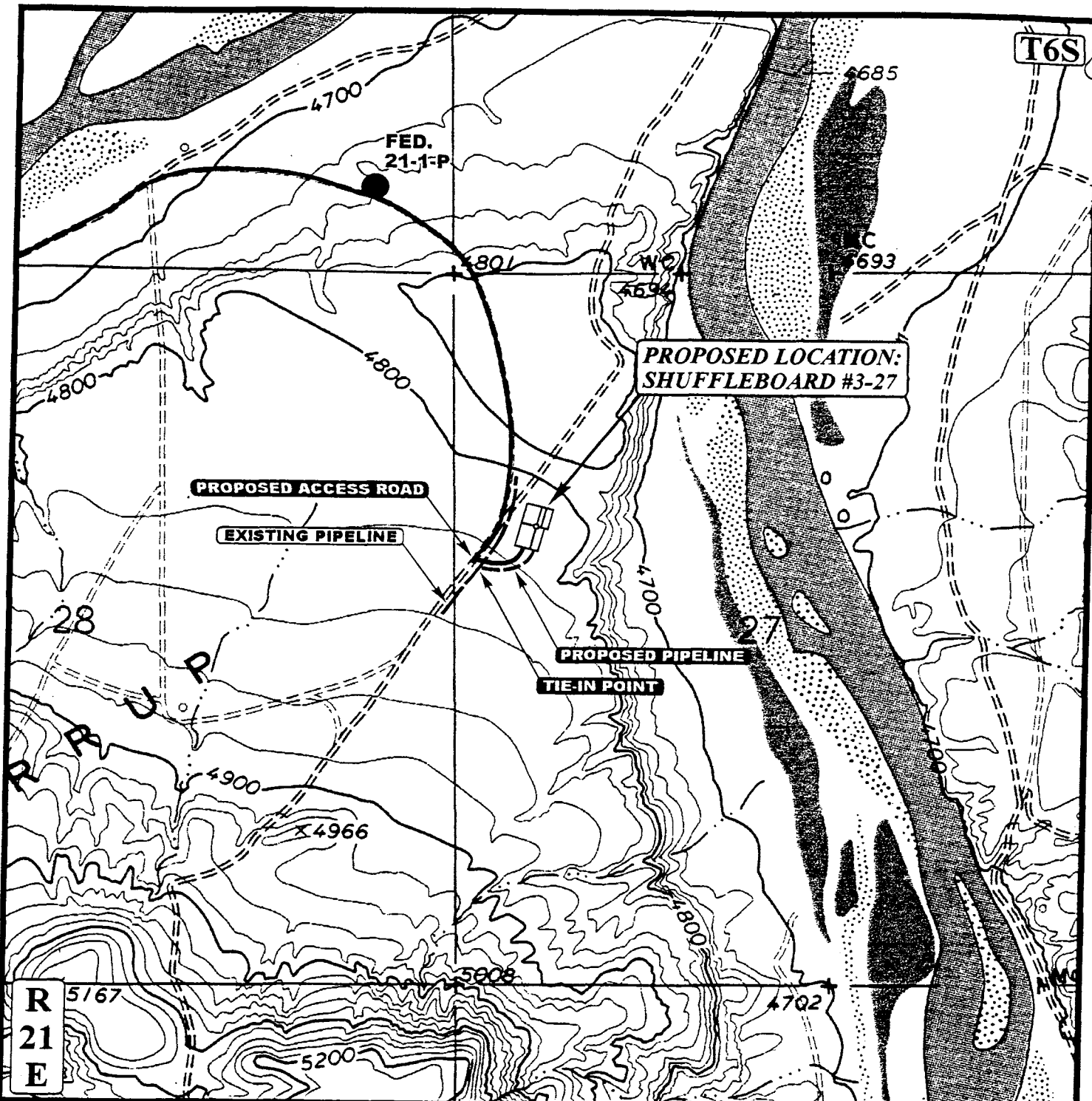
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.





APPROXIMATE TOTAL PIPELINE DISTANCE = 400' +/-

LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



ROSEWOOD RESOURCES, INC.

SHUFFLEBOARD #3-27
SECTION 27, T6S, R21E, S.L.B.&M.
1885' FNL 576' FWL

TOPOGRAPHIC
MAP

7 3 02
 MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: P.M. REVISED: 00-00-00



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

006

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.

P.O. Box 1668 Vernal, Utah 84078 (435)789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SW NW SEC 27 T6S R21E 1885' FNL & 576' FWL

5. Lease Designation and Serial No.

UTU-53860

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

SHUFFLEBOARD

8. Well Name and No.

#3-27

9. API Well No.

43-047-34683

10. Field and Pool, or Exploratory Area

STIRRUP

11. County or Parish, State

UINTAH, UT

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other SPUD
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well
Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Rosewood Resources, Inc. Spud above mentioned well at 8:00 A.M. on 09/07/02. (Contractor: COZ Drilling)

SET 40' OF 14" .250 WALL LP. CMT. W/50 SX CLASS "G" NEAT CEMENT.

If you have any questions or concerns please feel free to call.

Thank You, Jill Henrie

Rosewood Resources, Inc.

(435) 789-0414 x 10

RECEIVED

SEP 11 2002

DIVISION OF
OIL, GAS AND MINING

COPIES: ORIG. & 2-BLM; DIV. OG&M

14. I hereby certify that the foregoing is true and correct

Signed

Jill Henrie

Title

Administrative Asst.

Date

09/09/02

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

007

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Rosewood Resources, Inc. Operator Account Number: N 7510
Address: P.O. Box 1668
Vernal
city
Utah 84078 zip
Phone Number: (435) 789-0414

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-047-34683	Shuffleboard #3-27	SW NW	27	T6S	R21E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	13589	09-07-02	9-16-02		
Comments:						

CONFIDENTIAL

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-047-34682	HSB #4-28	NE NE	28	T6S	R21E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	13590	09-06-02	9-16-02		
Comments:						

CONFIDENTIAL

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Jill Henrie

Name (Please Print)

Signature

Admin Assistant

Title

9-16-02
Date

SUBMIT IN DUPLICATE*
(See other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

008

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT5. LEASE DESIGNATION AND SERIAL NO.
UTU-53860

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WORK

OIL WELL ☐GAS WELL ☒DRY ☐Other ☐

1b. TYPE OF WELL

NEW WELL ☒WORK OVER ☐DEEP EN ☐FLOOD BACK ☐DIFF. RESVR. ☐PERIOD EXPIRED ☐Other ☐

2. NAME OF OPERATOR

ROSEWOOD RESOURCES, INC.

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 1668, VERNAL, UT 84078

435-789-0414

4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements.)*

At Surface

1885' FNL & 576' FWL SW NW SEC 27, T6S R21E

At top prod. Interval reported below

At total depth

14. PERMIT NO.

DATE ISSUED

08/15/02

12. COUNTY OR PARISH

UINTAH

13. STATE

UTAH

15. DATE SPUDDED

09/07/02

16. DATE T.D. REACHED

09/30/02

17. DATE COMPL. (Ready to prod.)

12/24/02

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*

4814' GR

19. ELEV. CASINGHEAD

4814'

20. TOTAL DEPTH, MD & TVD

3850'

MD

TVD

3810'

21. PLUG, BACK T.D., MD & TVD

3810'

22. IF MULTIPLE COMPL., HOW MANY*

23. INTERVALS

ROTARY TOOLS

CABLE TOOLS

DRILLED BY

SEI RIG #7

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)*

3412' - 18' 3520' - 34' 3618' - 34'

3482' - 88' 3556' - 60'

26. TYPE ELECTRIC AND OTHER LOGS RUN

TRIPLE COMBO

25. WAS DIRECTIONAL SURVEY MADE

27. WAS WELL CORED

NO

23.

CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
14" LINE PIPE	.250 WALL	40'	17 1/4"	SURF 50SX "G" NEAT	NONE
9 5/8" K-55	36#	350'	12 1/4"	SURF 175SX "G" +2% CACL+FLOCELE	NONE
4 1/2 MT50	10.5#	3850'	7 7/8"	LEAD 280SX 50/50 POZ	
				TAIL 135SX "G" +10% CAL-SEAL	TOC @ 1900'

29.

LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)

INTERVAL	SIZE	NUMBER
3412' - 18' 3556' - 60'	2 SPF	0.44
3482' - 88' 3618' - 34'	2 SPF	0.44
3520' - 34'	2 SPF	0.44
		100 HOLES TOTAL

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)

PRODUCTION

DATE FIRST PRODUCTION 01/28/03	PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump) FLOWING	DIV. OF OIL, GAS & MINING Well Status (Producing or shut-in) PRODUCING
DATE OF TEST 01/28/03	HOURS TESTED 7	CHOKE SIZE 14/64"
FLOW. TUBING PRESS. 420#	CASING PRESSURE 780#	PROD. FOR TEST PERIOD 0
	CALCULATED 24-HOUR RATE 0	GAS--MCF. 127
		WATER--BBL. 0
		GAS--MCF. 0
		WATER--BBL. 0
		OIL GRAVITY-API (CORR.) 0

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

SOLD

TEST WITNESSED BY

IVAN SADLER

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

TITLE

ADMINISTRATIVE ASSISTANT

DATE

3/14/2003

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.

COPIES: BLM - VERNAL/ORIG. & 2 COPIES; DIV. OG&M - DALLAS 1 COPY;

38. GEOLOGIC MARKERS

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH
UINTAH "B"	3381'	
GREEN RIVER	3732'	